



# **The Final Report of the Georgia House Study Committee on Reforming Real Property Taxation**

## **Committee Members**

**Andy Welch, Chairman**

Representative, District 110

**Trey Kelley**

Representative, District 16

**Beth Beskin**

Representative, District 54

**Larry O'Neal**

Chief Judge, GA Tax Tribunal

**John Carson**

Representative, District 46

**Danny Powers**

Tax Commissioner, Chatham County

**Lynn Dempsey**

Director, GA Real Estate Commission

**Trey Rhodes**

Representative, District 120

**Pat Gardner**

Representative, District 57

**Lynne Riley**

Commissioner, Georgia Dept. of Revenue

## Introduction

HR 1317, adopted during the 2018 legislative session, established the House Study Committee on Reforming Real Property Taxation. The committee was chaired by Representative Andy Welch of the 110<sup>th</sup> district, and the other members of the committee included Representatives Beth Beskin of the 54<sup>th</sup> district, John Carson of the 46<sup>th</sup> district, Pat Gardner of the 57<sup>th</sup> district, Trey Kelley of the 16<sup>th</sup> district, and Trey Rhodes of the 120<sup>th</sup> district. The committee also included non-legislator members Lynn Dempsey, Director of GA Real Estate Commission & GA Real Estate Appraisers Board; Larry O'Neal, Chief Judge, GA Tax Tribunal; Danny Powers, Tax Commissioner, Chatham County; and Lynne Riley, Commissioner, Georgia Department of Revenue. HR 1317 tasked the committee with conducting a study of the conditions, needs, issues, and problems related to the present system of ad valorem taxation of real property in this state and recommending any actions which the committee deems necessary. The committee was allowed a total of five meetings and utilized four of those meetings to hear from stakeholders and one final meeting to agree upon recommendations. The meetings were held in room 403 of the State Capitol on October 3, October 23, November 2, November 13, and December 5 of 2018.

During the meetings the committee heard testimony from the following stakeholders:

- Ellen Mills - Director, Local Government Services Division, Georgia Department of Revenue
- Grant Hilton - Compliance Spec. Supervisor, Local Government Services Division, Georgia Department of Revenue
- Greg Allen – Forsyth County Clerk of Superior and State Court, and Vice President, Georgia Superior Court Clerks Association
- Stewart Oliver – Chief Appraiser, Gwinnett County
- James Stokes - Chief Appraiser, Paulding County
- Steve Swindell - Director of Legislative Affairs, Georgia Association of Assessing Officials, and Cherokee County Chief Appraiser
- James Roberts – Partner, Fellers, Schewe, Scott & Roberts, Inc., and a member of the executive board of the Georgia Association of Property Tax Professionals
- Chris Boyer – Director, Property Tax Commercial, Ryan, and member of the Georgia Association of Property Tax Professionals
- Alla Raykin – Attorney, Eversheds Sutherland LLP
- Joel Wiggins - Government Relations Associate, Georgia Municipal Association
- Russ Madison - Revenue and Technology Director, City of Decatur
- Larry Ramsey - Deputy General Counsel, Association County Commissioners of Georgia
- Clint Mueller – Legislative Director, Association County Commissioners of Georgia
- Roger Land – Property Tax Attorney, G. Roger Land & Associates
- Mitchell Graham – Property Tax Attorney, G. Roger Land & Associates
- Jet Toney – Principal, Cornerstone Communications Group, Representing the Georgia Affordable Housing Coalition

## **Summary of Recommendations Presented to the Committee**

The study committee utilized its meetings to gather recommendations and best practices from a variety of stakeholders. While the study committee does not have its own recommendations to present; the following were the recommendations provided by stakeholders to the committee.

### **Assessment Process**

#### Georgia Association of Property Tax Professionals

- Require counties to reappraise on a three year cycle. Each county would be divided into thirds with one third of the county being reappraised each year. The appraised value would be static for three years, then reappraised. A sliding scale threshold could be used in counties with low parcel counts and little market activity to extend the schedule to five years.
  - In concert with the three year appraisal cycle, the change in value following a reappraisal could be phased in. One third of the change in the first year, two thirds of the change in the second year and the full reappraised value in the third year. This could be for both positive and negative changes to value or only for positive changes.
  - Eliminate the 299(c) valuation freeze. The three year reappraisal schedule would act as a freeze for all taxpayers, not only those that appeal.

#### Georgia Association of Assessing Officials

- Eliminate the two examples of ‘legislated values’ currently in Georgia Code. ‘Legislated values’ are artificial valuations created through legislative initiatives in attempts to favor one taxpayer over another.
  - 48-5-299(c) provides a three year freeze following an appeal.
  - 48-5-2(3) has the effect of freezing a valuation at no more than the purchase price from the preceding year. Fair market values can change significantly over 12 months.

#### G. Roger Land & Associates

- The Department of Revenue should have the ability to ensure laws and regulations are followed during the assessment process. The power to reject the county digest comes too late.

#### Association County Commissioners of Georgia

- Authorize county commissioners to establish limitations on property reassessments and provide the commissioners with maximum flexibility to structure the assessment limitation to address their community’s needs.
- Exclude “loss-share” transactions from the one-year transaction value cap.

#### Georgia Municipal Association

- Require digest reviews to occur more frequently than the current rate of once every three years.

## **Appeal Process**

### Georgia Association of Property Tax Professionals

- Add a hearing officer division for all real property with no value threshold. A filing fee could be required for this more advanced appeal. Maintain the current board of equalization (BOE) appeal as the default option.
- Require that all counties allow for online appeal processing. If not all counties, require that those with high parcel counts make online appeal processing available.
- Require that all counties provide a customer service representative during the appeal season to answer any taxpayer questions.
- Eliminate the 85 percent temporary under appeal payment method and default back to the previous year's value or 100 percent of the proposed value as the temporary value during the appeal process.
- Eliminate the interest cap on temporary payments made during appeal and reinstate the interest provision for the taxpayer to require the taxpayer to pay interest to the county if the temporary payment made was less than the final value. Also, tie interest rates to the current market rate for all parties.

### Georgia Association of Assessing Officials

- Require a taxpayer to respond to board of assessors (BOA) notification of not changing a value before the appeal is sent to the BOE. Or, charge a nominal fee on the following year's tax bill for not appearing at an appeal hearing.
- Disallow attorney fees if taxpayer does not disclose specific property information leading to fluctuations in value.
- Attorney fees should be limited to 2.5 times the original tax amount.

### Eversheds Sutherland, LLP

- Allow taxpayers the option to appeal assessments of all personal property valued over \$500,000 (in aggregate) to either a hearing officer or BOE.
- Expand the requirements for hearing officers to allow hearing officers certified by the American Society of Appraisers.
- Prohibit the counties from appealing the findings of a hearing officer on valuation issues.
- Increase the threshold for which a county BOA may appeal an administrative decision. Currently, a county BOA may not appeal an administrative decision changing the assessment by 20 percent or less, without first giving the county governing authority written notice of its intention of appealing. This 20 percent threshold should be higher, and/or it should require the affirmative approval of the governing authority.
- Allow attorney fees to be recoverable in all cases.
- Eliminate the interest cap on temporary payments made during appeal.

- Make settlement conferences more meaningful by defining what conferring in “good faith” requires or providing more procedures for what is required during a settlement conference. Settlement conferences should also be required regardless of which party appeals.
- Allow certain complex appeal cases to be heard by the Georgia Tax Tribunal.

#### Association County Commissioners of Georgia

- Require that any appeal by “written objection” includes the taxpayer’s assertion of value for both real and personal property.
- Remove the automatic escalation of the appeal to the BOE where no valuation is submitted by the taxpayer.
- Require an appealing taxpayer to submit any amendments or revisions to its assertion of value at least ten days prior to any scheduled appeal hearing.
- Require the appealing taxpayer to appear and present evidence at the administrative hearing level before being allowed to appeal to court. Failure to appear should be a bar to any further steps.

#### **Other**

#### Georgia Association of Property Tax Professionals

- Move all tax collection dates back from the fall to December or into the next calendar year.

#### Association County Commissioners of Georgia

- Replace the required public notification of tax increase with an annual notification that is simple for the taxpayer to understand and consider exempting those local governments with “floating” homestead exemptions from compliance with the notification requirements.

Respectfully Submitted,



Andy Welch  
Chairman